

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION C

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COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

2014 DEC 10 A 10: 55

AZ CORP COMMISSION
DOCKET CONTROL

ORIGINAL

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS ANTHEM
WATER DISTRICT, AND POSSIBLE RATE
CONSOLIDATION FOR ALL OF ARIZONA-
AMERICAN WATER COMPANY'S
DISTRICTS.

DOCKET NO. W-01303A-09-0343

Arizona Corporation Commission

DOCKETED

DEC 10 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS
ANTHEM/AGUA FRIA WASTEWATER
DISTRICT, ITS SUN CITY WASTEWATER
DISTRICT AND ITS SUN CITY WEST
WASTEWATER DISTRICT, AND POSSIBLE
RATE CONSOLIDATION FOR ALL OF
ARIZONA-AMERICAN WATER COMPANY'S
DISTRICTS.

DOCKET NO. SW-01303A-09-0343

**STAFF'S RESPONSE TO
COMMISSIONER BRENDA BURNS**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") files
its response to the December 2, 2014 letter of Commissioner Brenda Burns. Commissioner Burns
requested a response to four questions, which Staff's response is found below.

**1. Prior to the Settlement Agreement, what was your position on deconsolidation
and consolidation? (Were you in favor or opposed to full consolidation, partial consolidation or
a reversal of the Anthem/Agua Fria deconsolidation? Other?).**

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1 **Staff Response.** To fully consider consolidation or deconsolidation, Staff believes
2 that the Commission should have as much information as possible. Staff's recommendations prior to
3 its execution of the Settlement Agreement were:

- 4 1. The Company file a full rate case for all its wastewater and water systems no
5 later than July 1, 2015, with a test year ending December 31, 2014. In that
6 filing, the Company should propose both a fully consolidated statewide rate
7 design and a fully deconsolidated rate design including the costs and benefits
8 of each. Both rate designs should have a three year phase-in.
- 9 2. The third step of the phase in for the Agua Fria and Anthem divisions should
10 not be implemented in February 2015. These rates should be designated as
11 interim, which would be subject to true up in the Company's next rate case.
- 12 3. In the event the Commission elects to change rates in this proceeding, the new
13 rates should be established as interim rates, which will be subject to true-up in
14 the Company's next rate case.

15 **2. Since the Settlement Agreement has your position changed?**

16 **Staff Response:** No.

17 **3. Do you see the Settlement Agreement as the first step toward your position?**

18 **Staff Response:** Yes. Under the terms of the Settlement Agreement, EPCOR has
19 agreed to file a rate case for all five of its wastewater districts by September 30, 2015, using a
20 December 31, 2014 test year. The rate case shall include revenue requirements with cost-of-service
21 studies to allow the parties to use the information to evaluate whether they prefer a consolidated or
22 deconsolidated proposal. Additionally, the Company will include a fully deconsolidated wastewater
23 proposal by system.

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1 4. **How does the Settlement Agreement advance or hinder the position you support?**

2 **Staff Response:** The Company will file a rate case as referenced in the Staff
3 response to question 3.

4 RESPECTFULLY SUBMITTED this 10th day of December 2014.

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1 Original and thirteen (13) copies
2 of the foregoing were filed this
3 10th day of December, 2014 with:

4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington Street
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8 Copies of the foregoing were emailed
9 this 10th day of December, 2014 to:

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